



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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August 21, 1991

Certified Return Receipt
P 074 978 822

Mr. Milo Bosshardt
Redmond Clay and Salt Company
370 South State
Redmond, Utah 84652

Dear Mr. Bosshardt:

Re: Notice of Non-Compliance, Salt and Clay Mining Properties, Redmond Clay and Salt, M/039/002, San Pete County, Utah

Finding of Non-Compliance

This letter is sent to notify you, that your clay and salt mining operations have been found out of compliance with the Utah Mined Land Reclamation Act and rules as detailed below:

MINED LAND RECLAMATION ACT

Pursuant to Utah Code Annotated, Title 40-8-13(1), before any operator initiates or resumes mining operations, he shall file a notice of intention for each individual mining operation with the Division. The notice of intention shall include a plan for reclamation of the lands affected as required by rules promulgated by the Board of Oil, Gas & Mining.

Title 40-8-14(1) requires that the operator provide reclamation surety to the Division, in a form and amount determined by the Board.

LARGE MINING OPERATION RULES

Utah Admin. R613-004-101, requires an operator to file a Notice of Intention to Commence Large Mining Operation, with approval by the Division before mining operations begin. Upon receipt of the notice of intention, the operator will be authorized to continue such existing operations until approval of the notice is obtained.

Such approval shall be obtained by the operator within one (1) year from the date of submission of the notice of intention unless an extension is granted by the Division.

R613-004-113(3), requires that an operator post an adequate reclamation surety, which reflects the Division's cost to reclaim the mine site. The rule also states that an operator's surety estimate will be accepted only if it is accurate and verifiable.

Redmond Clay and Salt Company (RCSC) originally filed two Small Mining Notices in May of 1989. These notices were rejected by the Division and RCSC was required to refile as a large mining operation. The Division has been negotiating with RCSC since that time to develop a complete permit application and an acceptable reclamation plan and surety for the site. The initial surety estimate was calculated at \$315,500. This amount was based on limited information supplied by RCSC about the mine operations. Following subsequent negotiations and information supplied by RCSC, the surety amount was reduced to \$228,100 by the Division.

A letter from RCSC, dated June 3, 1991, stated that the \$228,100 surety amount would not be acceptable. The operator proposed that a maximum \$160,000 surety amount would be submitted. This amount cannot be accepted by this Division. It is neither accurate nor verifiable, given the extent of disturbance found currently at the mine site, the limited amount of detailed information provided in the permit application, and the Division's latest cost estimate to reclaim the mine sites. Therefore, the Division considers the \$228,100 figure as final and is not in a position to negotiate this amount further.

Location of Non-Compliance

The reclamation surety is the principal subject of this non-compliance. The surety covers RCSC's three adjacent mine sites located in T20S, R1W, Sections 13, 14, 23, 24 and 25 (2 salt mines and 1 clay mine).

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Mitigation Requirements

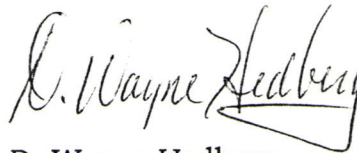
Redmond Clay and Salt Company must submit an acceptable form of surety in the amount of \$228,100, and a completed Reclamation Contract (enclosed) by September 30, 1991. Forms of surety that are acceptable to the Division are listed under R613-004-113 - Surety (enclosed). The form for submitting an Irrevocable Letter of Credit is enclosed as was referenced by you in your May 6, 1991 letter. If you choose another type of surety those forms are available at the Division also.

Consequences of Continued Non-Compliance

Failure to comply by the time frame set forth in this Notice will result in the issuance of a Notice of Agency Action, requiring that you appear before the Board of Oil, Gas and Mining at a formally scheduled hearing. The Board, after notice and hearing, pursuant to rule and statute, may enter an Order requiring abatement or other appropriate action as deemed necessary. The Order may include one or a combination of the following actions: issuance of a compliance or abatement order; a cessation of mining operations; immediate reclamation of the land affected; or other lawful remedies.

Please contact me, Anthony Gallegos, or Holland Shepherd immediately to facilitate the resolution of this non-compliance issue.

Sincerely,



D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Enclosures
cc: Lowell Braxton, DOGM
Anthony Gallegos, DOGM
Holland Shepherd, DOGM
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